

**ALASKA STATE LEGISLATURE  
SENATE RESOURCES STANDING COMMITTEE**

April 12, 2021

3:33 p.m.

**MEMBERS PRESENT**

Senator Joshua Revak, Chair  
Senator Peter Micciche, Vice Chair  
Senator Click Bishop  
Senator Gary Stevens  
Senator Natasha von Imhof  
Senator Jesse Kiehl  
Senator Scott Kawasaki

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 101

"An Act extending the termination date of the Citizens' Advisory Commission on Federal Management Areas in Alaska; and providing for an effective date."

- MOVED SB 101 OUT OF COMMITTEE

SENATE BILL NO. 60

"An Act establishing the sport fishing hatchery facilities account; establishing the sport fishing facility surcharge; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 61

"An Act authorizing the commissioner of natural resources to modify a net profit share lease."

- MOVED CSSB 61(RES) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: SB 101

SHORT TITLE: ADVISORY COMMISSION ON FEDERAL MGT AREAS

SPONSOR(s) : RESOURCES

03/05/21	(S)	READ THE FIRST TIME - REFERRALS
03/05/21	(S)	RES
03/29/21	(S)	RES AT 3:30 PM BUTROVICH 205
03/29/21	(S)	Heard & Held
03/29/21	(S)	MINUTE(RES)
04/12/21	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: SB 60

SHORT TITLE: SPT FSH HATCHERY FACIL ACCT; SURCHARGE

SPONSOR(s) : RULES BY REQUEST OF THE GOVERNOR

01/29/21	(S)	READ THE FIRST TIME - REFERRALS
01/29/21	(S)	RES, FIN
04/12/21	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: SB 61

SHORT TITLE: OIL/GAS LEASE: DNR MODIFY NET PROFIT SHARE

SPONSOR(s) : RULES BY REQUEST OF THE GOVERNOR

01/29/21	(S)	READ THE FIRST TIME - REFERRALS
01/29/21	(S)	RES, FIN
02/10/21	(S)	RES AT 3:30 PM BUTROVICH 205
02/10/21	(S)	Heard & Held
02/10/21	(S)	MINUTE(RES)
03/10/21	(S)	RES AT 3:30 PM BUTROVICH 205
03/10/21	(S)	Heard & Held
03/10/21	(S)	MINUTE(RES)
04/09/21	(S)	RES AT 3:30 PM BUTROVICH 205
04/09/21	(S)	Heard & Held
04/09/21	(S)	MINUTE(RES)

**WITNESS REGISTER**

DOUG VINCENT-LANG, Commissioner  
Alaska Department of Fish and Game  
Anchorage, Alaska

**POSITION STATEMENT:** Introduced SB 60 on behalf of the  
administration.

RACHEL HANKE, Legislative Liaison  
Alaska Department of Fish and Game  
Anchorage, Alaska

**POSITION STATEMENT:** Presented the sectional analysis for SB 60:

RON SOMMERVILLE, Representative

Territorial Sportsmen  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 60.

DAVID LANDIS, General Manager  
Southern Southeast Regional Aquaculture Association  
Ketchikan, Alaska

**POSITION STATEMENT:** Testified in support of SB 60.

BEN MOHR, Executive Director  
Kenai River Sport Fishing Association  
Soldotna, Alaska

**POSITION STATEMENT:** Testified in support of SB 60.

KATIE HARMS, Executive Director  
Douglas Island Pink and Chum (DIPAC)  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 60.

FORREST BRADEN, Executive Director  
Southeast Alaska Guide Organization  
Ketchikan, Alaska

**POSITION STATEMENT:** Testified in support of SB 60.

SUSAN DOHERTY, Executive Director  
Southeast Alaska Seiners Association (SEAS)  
Ketchikan, Alaska

**POSITION STATEMENT:** Testified in support of SB 60.

KEVIN BURCHFIELD, President  
Juneau Charter Boats Association  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 60.

#### **ACTION NARRATIVE**

[3:33:22 PM](#)

**CHAIR JOSHUA REVAK** called the Senate Resources Standing Committee meeting to order at 3:33 p.m. Present at the call to order were Senators von Imhof, Micciche, Stevens, Kiehl, Kawasaki, Bishop, and Chair Revak.

He reviewed the agenda.

#### **SB 101-ADVISORY COMMISSION ON FEDERAL MGT AREAS**

[3:34:07 PM](#)

CHAIR REVAK announced the consideration of SENATE BILL NO. 101 "An Act extending the termination date of the Citizens' Advisory Commission on Federal Management Areas in Alaska; and providing for an effective date."

He recapped that the bill, which extends the sunset date of the Citizens Advisory Commission on Federal Management Areas (CACFMA) until June 30, 2029, was first heard on 3/29/21 and public testimony was heard and closed. He described the bill as an important affirmation of the need to maintain the efforts of the commission. Recognizing the need to fund the commission, the committee asked for a finance committee referral to be added.

[3:34:52 PM](#)

SENATOR VON IMHOF offered her understanding that the finance committee would continue the conversations about the cost of the commission and how to fund it.

CHAIR REVAK agreed.

[3:35:19 PM](#)

SENATOR MICCICHE clarified that the bill currently did not have a finance referral; it was a request at this point.

CHAIR REVAK agreed.

SENATOR VON IMHOF commented on the process to grant the request.

CHAIR REVAK found no further questions or comments and solicited a motion.

[3:36:00 PM](#)

SENATOR MICCICHE moved to report SB 101, work order 32-LS0620\A, from committee with individual recommendations and attached fiscal note(s).

[3:36:16 PM](#)

CHAIR REVAK found no objection and SB 101 was reported from the Senate Resources Standing Committee.

[3:36:30 PM](#)

At ease

**SB 60-SPT FSH HATCHERY FACIL ACCT; SURCHARGE**

[3:39:22 PM](#)

CHAIR REVAK reconvened the meeting and announced the consideration of SENATE BILL NO. 60 "An Act establishing the sport fishing hatchery facilities account; establishing the sport fishing facility surcharge; and providing for an effective date."

He stated that this was the first hearing and his intention was to hear invited and public testimony.

3:39:45 PM

DOUG VINCENT-LANG, Commissioner, Alaska Department of Fish and Game, Anchorage, Alaska, stated that the department deems SB 60, a governor's bill, as a legislative priority for this session. To provide perspective, he explained that in 2005, the legislature approved a bond to construct both the William Jack Hernandez Sport Fish Hatchery in Anchorage and the Ruth Burnett Sport Fish Hatchery in Fairbanks. To pay for the bond, ADF&G added a surcharge to sport fishing licenses. All but \$500,000 of the surcharge went directly to the repayment of the bond. The \$0.5 million went to Southeast Alaska annually for hatchery production because the area was not serviced by the two bonded hatcheries. but fishermen paid the surcharge. The surcharge, which was primarily collected from nonresident sport fishermen, paid off the bond. No general fund dollars were used.

COMMISSIONER VINCENT-LANG said the program was so successful, the department paid back the bond five years early, in 2020. The result was that the surcharge and the associated statutes sunsetted on 12/31/2020. This left ongoing maintenance for the hatcheries unfunded. If ADF&G were to pay for the maintenance costs, it would be at the expense of other projects because department funds are fully allocated. Another result of paying off the bonds is that Southeast no longer receives the annual \$500,000 that came from the surcharge payments. That money was used to raise and release more than 1.4 million Chinook salmon and hundreds of thousands of coho smolt at release sites targeted to benefit sport fishing in Southeast inside waters. The loss of this money will negatively affect Southeast Alaska sport fishermen and charter operators.

3:42:13 PM

COMMISSIONER VINCENT-LANG explained that to address the loss of the surcharge funds, the department worked with groups across the state to propose a new, reduced surcharge to support maintenance and nonprofit hatchery operations throughout Southeast. SB 60 is the result. The original \$9.00 surcharge is reduced to \$4.00. Again, nonresidents would contribute most of

the surcharge. He directed attention to a document in the bill packets of the surcharge broken down by license type. Should the bill pass, he said the intention is to deposit the surcharge into a separate subaccount within the fish and game fund that is used for sport fish enhancement programs, sport fish hatchery facilities, and continued enhancement activities in Southeast. He reiterated that Southeast Alaska anglers pay the surcharge but derive no benefit from the two sport fish hatcheries in Anchorage and Fairbanks.

COMMISSIONER VINCENT-LANG informed the committee that the House Fishery Committee amended the House version of the bill by adding an additional \$2.50 surcharge to pay for the work related to fisheries management, research, invasive species management, and habitat restoration. He opined that the language was broad enough to cover access improvements for sport fishermen. The amendment also requires separate accounting of the additional collections. He referenced a fact sheet in the packets that shows the sport fish enhancement programs release nearly 7.2 million fish annually in about 270 locations. In addition, 1.4 million fish are released annually in Southeast.

[3:44:28 PM](#)

CHAIR REVAK asked Ms. Hanke to walk through the sectional analysis.

[3:44:48 PM](#)

RACHEL HANKE, Legislative Liaison, Alaska Department of Fish and Game, Anchorage, Alaska, presented the sectional analysis for SB 60 that read as follows:

### **Section 1**

Adds new section AS 16.05.130(h) which creates a new sub-account of the fish and game fund called the sport fishing hatchery facilities account. This section also restricts the use of the sub-account to maintenance and operations of sport fishing hatchery facilities as well as sport fishing stock enhancement.

### **Section 2**

Conforming amendment to reference new section.

### **Section 3**

Adds new section AS 16.05.340(1) which establishes the new sport fishing license surcharge fee schedule.

#### **Section 4**

Effective date July 1, 2021.

[3:46:18 PM](#)

SENATOR STEVENS asked if the department continued to receive Dingell-Johnson Act matching funds after the bond was paid off and the surcharge sunset.

COMMISSIONER VINCENT-LANG replied the department would be able to use the surcharge funds to match Dingell-Johnson Act funds for the maintenance of the two hatcheries and Southeast enhancement activities.

[3:47:00 PM](#)

SENATOR BISHOP asked what the annual maintenance expenses are for the two hatcheries.

COMMISSIONER VINCENT-LANG estimated that the maintenance backlog at the Fairbanks hatchery was in the \$4-6 million range, and the Anchorage hatchery was higher, primarily from water filtration issues. He offered to follow up with the actual data.

SENATOR BISHOP commented that the finance committee would look into the maintenance/finance package.

[3:48:17 PM](#)

SENATOR VON IMHOF asked the commissioner to also provide the finance committee information about when the hatcheries were built and if there were plans for major maintenance beyond the estimated \$4-6 million per year.

COMMISSIONER VINCENT-LANG restated that the funds would be placed in a subaccount of the fish and game fund for the hatcheries to use for long-term maintenance. The notion is to build the fund enough to be able to tap it for deferred maintenance, he said.

[3:49:15 PM](#)

SENATOR KAWASAKI highlighted that the fiscal note does not indicate that the surcharge would be used to match Dingell-Johnson Act funds. He asked for an explanation.

COMMISSIONER VINCENT-LANG replied he did not have an answer, but from his perspective it would be unwise to spend the fish and game fund without taking advantage of the 3:1 federal match. He related his intention to use the funds collected through the surcharge as a match.

SENATOR STEVENS asked if the department had plans for additional hatcheries.

COMMISSIONER VINCENT-LANG replied most of the sport fish stocking needs are met through the Anchorage and Fairbanks hatcheries and the private non-profit (PNP) hatchery in Southeast. He noted that the hatchery in Southeast is Crystal Lake, which is state-owned and operated by a private non-profit hatchery.

3:51:56 PM

CHAIR REVAK opened public testimony on SB 60, and encouraged the testifiers to submit their written comments to sres@akleg.gov.

3:52:18 PM

RON SOMERVILLE, representative, Territorial Sportsmen, Juneau, Alaska, stated the Territorial Sportsmen strongly support SB 60. He related that some of the money from the surcharge has gone to support the local Douglas Island Pink and Chum (DIPAC) hatchery Chinook salmon programs on the Taku and Stikine rivers. He reported that the wild stocks have been suppressed to the point that there has not been any early king salmon fishing in the area for more than seven years. Thus, the Territorial Sportsmen support any stocking programs to support early runs.

MR. SOMERVILLE noted the substantial written support for reinstating the surcharge and highlighted that much of it was coming from people who are willing to pay for using the resource. He also pointed out that there have been few complaints from residents or nonresidents about paying this surcharge. On behalf of the more than 1,300 members of the Territorial Sportsmen, he restated support for SB 60.

3:54:31 PM

DAVID LANDIS, General Manager, Southern Southeast Regional Aquaculture Association (SSRAA), Ketchikan, Alaska, related that SSRAA is one of the private non-profits (PNP) that Commissioner Vincent-Lang referenced that work with ADF&G to enhance sport fish in Southeast. As such, the Crystal Lake hatchery is owned by the state and operated under contract to SSRAA. Thus, a portion of the surcharge revenue allocated to Southeast would go



to SSRAA programs. He noted that this funding is critical to the continued operation of the hatchery. He referenced the commissioner's comments on hatchery maintenance and advised that there is a critically needed project at Crystal Lake to fix leaking raceways. While SSRAA is worried about the issue, it is willing to hold off on fixing the raceways until the fund has built a reserve. At this point, the project is designed and shovel ready.

MR. LANDIS cited an ADF&G publication to emphasize the importance of keeping Crystal Lake intact with operational maintenance funding. The department reported that nearly 50 percent of all Alaska hatchery king salmon harvested in Southeast Alaska originate from Crystal Lake.

He concluded that SB 60 is important to residents and nonresidents alike and to keep harvests active under the auspices of the Pacific Salmon Treaty between the U.S. and Canada.

3:57:13 PM

BEN MOHR, Executive Director, Kenai River Sportfishing Association (KRSA), Soldotna, Alaska, stated he was testifying to register KRSA's support for SB 60. He pointed out the longstanding support for a user-pay model by both hunters and sportfishermen for fish and game conservation. In the U.S. this support goes back over 100 years. KRSA supports users funding operations and maintenance. The sportfishing community across the state uses these hatchery facilities for recreational purposes and it makes sense that they pay their own way. SB 60 is the vehicle for that to happen.

3:58:20 PM

KATIE HARMS, Executive Director, Douglas Island Pink and Chum (DIPAC), Juneau, Alaska, stated that DIPAC is a private non-profit corporation whose primary mission is to sustain and enhance the salmon resources in the state for the economic and cultural benefit of all citizens. She stated support for SB 60 and gave a brief history of the sportfishing program DIPAC operates through funds from ADF&G's Division of Sport Fish. These programs currently are nearly 90 percent supported by the sport fishing licensee surcharge.

MS. HARMS explained that prior to 1994, ADF&G raised Chinook salmon at its Snettisham hatchery and released them at selected sites in the Juneau area. In 1994, the hatchery was converted to produce sockeye salmon and the Chinook program was transferred

to DIPAC. Since then, DIPAC has received a little more than \$300,000 annually from the Sport Fish Hatchery Enhancement Program. Without the revenue from the surcharge, the Chinook program at DIPAC would never have come to fruition. This ADF&G funded, DIPAC produced Chinook program has become a stable sport fishery for residents and nonresidents fishing shoreside and from a boat. This hatchery fishery has become increasingly important as wild Chinook stocks continue to decline in Southeast. She relayed that the financial uncertainty associated with poor salmon returns in Southeast will likely result in a greatly reduced DIPAC Chinook program next year if SB 60 does not pass this session. She thanked the committee for its consideration of this important issue.

4:00:14 PM

FORREST BRADEN, Executive Director, Southeast Alaska Guide Organization (SAGO), Ketchikan, Alaska, stated SAGO is a non-profit trade group that represents about 300 guided sportfishing businesses that operate in Southeast Alaska. On SAGO's behalf, he stated full support for SB 60. He explained that these businesses rely heavily on hatchery produced king and coho salmon. He reported that about 25 percent of the king salmon caught by the sport fleet are Southeast hatchery produced, as are about half the sport fish caught in inside waters. This fishery is clearly important to the sport fish industry; the terminal harvest areas are often the only access sport anglers have to these returning fish. He pointed out that even though outside fisheries catch less hatchery fish, they are important in maintaining the balance between inside and outside sport fisheries that are managed as a whole. He asked the committee to advance the bill.

4:02:44 PM

SUSAN DOHERTY, Executive Director, Southeast Alaska Seiners Association (SEAS), Ketchikan, Alaska, stated that while SEAS agrees with the intent of SB 60 and the comments of the SSRAA general manager, SEAS would like assurance that the Crystal Lake sport fish hatchery is included in ADF&G's priority funding for desperately needed maintenance along with the hatcheries in Anchorage and Fairbanks that Commissioner Vincent-Lang mentioned.

4:04:19 PM

KEVIN BURCHFIELD, President, Juneau Charter Boat Operator Association (JCBOA), Juneau, Alaska, stated support for SB 60 on behalf of the 14 businesses in Juneau represented by JCBOA. He

mentioned the declining wild salmon stocks and emphasized the need to augment Chinook salmon production.

[4:05:12 PM](#)

CHAIR REVAK closed public testimony on SB 60.

He asked Commissioner Vincent-Lang to comment on the Crystal Lake hatchery.

[4:05:45 PM](#)

COMMISSINER VINCENT-LANG said that in addition to the maintenance at the Anchorage and Fairbanks hatcheries, it is the department's intent to pay for the backlog of deferred maintenance at the Crystal Lake hatchery. It is important in ensuring that hatchery production in Southeast Alaska is sustained at current levels. He reiterated that Southeast anglers pay part of the surcharge and therefore should receive some benefit.

[4:06:28 PM](#)

CHAIR REVAK found no questions or comments and stated he would hold SB 60 in committee for further consideration.

**SB 61-OIL/GAS LEASE: DNR MODIFY NET PROFIT SHARE**

[4:06:47 PM](#)

SENATOR MICCICHE referenced earlier hearings on SB 61 and reminded members that the bill was held in committee pending additional discussions. He said he had heard nothing further and would like to move the bill.

SENATOR MICCICHE moved to report the CS for SB 61, work order 32-GS1706\B as amended, from committee with individual recommendations and attached fiscal note(s).

[4:07:35 PM](#)

CHAIR REVAK found no objection and CSSB 61(RES) was reported from the Senate Resources Standing Committee.

[4:09:08 PM](#)

There being no further business to come before the committee, Chair Revak adjourned the Senate Resources Standing Committee meeting at 4:09 p.m.